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COOPERATION BETWEEN THE ECONOMIC COMMISSION FOR EUROPE AND THE BUSINESS COMMUNITY

Note by the Executive Secretary

1. Over the years the relationship between the ECE and the business community has developed on an ad hoc basis and in a pragmatic way. It has not been the result of a systematic effort either on the part of the Commission, or the Principal Subsidiary Bodies (PSBs) or the secretariat. In view of this, the Plan of Action emphasized the need to strengthen cooperation with the business community and recommended establishing a framework for this cooperation.

2. The contribution of the business community to ECE activities has taken different forms: participation in debates, technical inputs to norm setting (EDIFACT, spare parts of motor vehicles) or to background papers, secondment of experts (steel, chemicals), participation in or co-organization of workshops and study tours, financing of specific activities (Gas Centre). These contributions have had a positive impact on the quality and relevance of ECE work; while they have not created any ethical problem, this might have been the case. Therefore any systematic effort to increase these contributions should be accompanied (or preceded) by an agreement on guidelines to govern them. The important issue is to maintain governmental control of the ECE programme.

3. For its part, the business community has benefited from ECE activities in different ways. Secretariat studies and participation of enterprises in workshops and debates have helped governments better to know and understand conditions in which the private sector can operate efficiently; several guidelines norms and standards have been adopted which increase predictability and fair competition, networks and contacts between officials and representatives of the business community have been established. Nevertheless, the dissemination of ECE's products and their use by the business community is very unequal. Ways of improving dissemination might be discussed.

4. **FOLLOW-UP ACTION:** More systematic relations with the business community (see para.1 above) should be developed by the PSBs and the secretariat. Issues mentioned in paragraphs 2 and 3 above should be taken up by the ad hoc working group as foreseen in the Plan of Action.

I. INTRODUCTION

5. The note is organized as follows: Part I raises some general questions about the relationships between the business community, member governments and the secretariat. The ad hoc working group, set up in the Plan of Action, will almost certainly have to discuss these issues fairly thoroughly if it is to provide a set of principles and operational guidelines that will govern effectually the participation of the business community in the work of the Commission. Part II reviews the relations which have already developed between ECE and the business sector. The concluding part raises some issues that the ad hoc working group may wish to address.

PART I. GENERAL ISSUES

6. Over the past decade or so there have been many calls for the United Nations and other international organizations to cooperate more closely with the private business sector, to forge a "true partnership" or to create business councils or "development senates" where business can interact effectively with the United Nations. Such suggestions reflect concern that international economic organizations may not always be as sensitive as they should be to the effects of their activities on the business sector, or that these organizations are doing things, especially in the development field, which could be done better by the business sector or, at least, in partnership with it. These attitudes have their roots to a large extent in the widespread criticism throughout the 1980s and early 1990s of State-dominated development strategies and, indeed, of a wide range of State interventions in the mixed economies of western Europe and North America. This debate had a significant ideological component, but it did highlight the fact that market failures are

not automatically offset by government action and that government policies to promote economic growth often have the opposite effect. Some concluded from these arguments that the State should be reduced to the minimalist role that it had - or was believed to have had - in the eighteenth and nineteenth centuries, but more realistic analysis now recognises that the State has an important and indispensable role in supporting economic activity: the real issues are to define more carefully the core functions of the State in promoting economic growth and welfare and to ensure that the institutions required to carry out these functions are efficient and free from corrupt behaviour. 1/

7. Nevertheless, whether it be a cause or consequence of this change in attitude towards the role of the State, the decreasing availability of public funds for infrastructure spending and overseas development assistance has led to a search for new forms of financing involving partnerships between the private and public sectors. This has occurred at both the national level (the Private Finance Initiative in the United Kingdom, for example) and in the international sphere (the World Bank's "Business Partners for Development" scheme, for example 2/). Financial pressures have also encouraged a number of initiatives on the part of the UN secretariat to seek extra-budgetary funds, including from the business sector, although the implications of this, both for the authority of the governing bodies and for the independence of the secretariat, do not always appear to have been subject to close analysis.

8. The various arguments about the role of the State in the economy have for the most part been conducted in purely national terms but, *mutatis mutandis*, they also apply to international institutions which provide an intergovernmental framework for coordinating the actions of national governments or for extending the framework of national rules and regulations to the international economy. In discussing cooperation between the business sector and an international body, such as ECE, it is therefore just as important as in the national context to be precise about the specific functions of the public and private sectors, and to recognize at the outset that public and private interests are not necessarily always congruent. Unless these distinctions of function and responsibility are made clear, calls for closer cooperation with the business sector may simply transplant to the international context the corporativism which most ECE member Governments have largely rejected - or are in the process of rejecting - at home.

9. One way of distinguishing the respective functions and responsibilities of the public and private sectors is to ask what justification there is for governments to intervene in a decentralized market economy. If all the effects of market behaviour on present or future welfare were tradeable and if perfect competition reigned in all markets, optimal resource allocation would occur without any need for intervention by governments or international economic institutions. In practice no economy meets all the conditions which

would justify such a fundamentalist, *laissez-faire* approach to the conduct of economic affairs. Instead, the economic liberalism shared by most ECE member States supports the greatest possible use of markets and market forces (competition) to coordinate economic activity while at the same time recognizing that the State still has an important role to play in supporting, correcting and guiding the operations of the market economy system.

10. It is widely accepted that in a market economy allocative efficiency may be less than optimal if there exist (i) public goods, (ii) monopoly power, or (iii) externalities. Whether in practice governments can improve on market outcomes is an empirical issue on which there is much debate; but the intellectual case for state intervention in the presence of these market imperfections is firmly rooted in economic theory. The actual range of tasks considered appropriate for government action is much wider than is suggested by just the three categories noted above. Under the heading of public goods, for example, modern economics includes, inter alia: the creation of the rule of law and the basic institutional structure required for markets to function at all; macroeconomic stability, the absence of which undermines the price mechanism and enterprise decision-making; as well as distributional and other objectives aimed at maintaining social and political stability or at protecting the environment.

11. With growing interdependence between national economies ("globalization") the various tasks undertaken by national governments are increasingly reflected in the agenda of the international economic organizations, including the ECE, but with the additional objective of avoiding conflicts between national policies. This is in fact a process which has been underway for a long time but it has gained increasing momentum since the Second World War as governments sought ways to avoid a repetition of the beggar-my-neighbour policies which characterized the 1930s. Progress, however, has been uneven: the extension of the rule of law to international economic relations has made considerable advances in the area of international trade, especially since the Uruguay Round, but there is still very little regulation of financial markets although these are considerably more integrated than product markets. 3/ Below the level of macroeconomic and financial policies, however, there has evolved a dense network of international institutions effectively coordinating national government policies for a large number of public goods and externalities, the two areas of government intervention into which most of the intergovernmental activities in the ECE falls.

12. The principal category of public goods 4/ with which ECE is concerned consists of international norms and standards 5/ which range over a considerable variety of activities from the standardization of vehicle parts and road signs to statistical nomenclatures and economic information. Standards lower transaction costs and, by increasing the extent of the market, provide potential external economies of scale for the individual enterprise.

international standards basically extend this process over international borders and enlarge the area over which arms-length trade can be profitably conducted. International standards, which eliminate the use of purely national standards as non-tariff barriers to trade, can therefore be qualified as international public goods.

13. Many national standards have been imposed by dominant firms and these in turn may become international standards, particularly if the country in question is a major economic power. But national governments often introduce standards to protect consumers from low quality or harmful products (quality standards) or to strengthen the competitiveness of highly fragmented industries where the free-rider problem prevents the adoption of national standards by the enterprises themselves. At the inter-governmental level, the adoption of international standards is to a large degree a question of harmonizing existing national standards, a process which imposes adjustment costs on those who must alter their standards and, in a world of dynamic economies of scale, gives a competitive advantage to those who need to make little or no change. In other words, the standardization process is likely to be a highly political one into which governments must inevitably be drawn to balance the interests of consumers and producers, and to balance the short-term interests of both against the longer-term considerations of national comparative advantage and the extension of the international market. In an increasingly competitive and global market, where any single economic power will find it increasingly difficult to impose its own standards on the rest of the world, the adoption of international standards is likely to be dependent on the success of voluntary negotiations between national governments.

14. The other important area of government intervention which plays a major role in the work of ECE concerns externalities, especially in the environmental field. A clean and sustainable environment should qualify as an international public good but achieving it requires collective action to deal with the unpaid side-effects, the externalities, of one producer's activity on the rest of the community. 6/ Since the case of environmental pollution is perhaps the most familiar - as well as the most important - of externalities, there is no need to discuss it at any length in this note. But what is important to emphasise here is the political economy of handling adjustment costs. Those who suffer the effects of pollution obviously want them eliminated as quickly as possible; but those producers who must internalise the external costs of their activity will try to extend the adjustment period for as long as possible in order to minimize the impact on the life of their existing capital stock. What usually ensues in democratic societies is a bargaining process, invariably under the auspices of government, which results in a compromise on the rate of adjustment. 7/ At the international level the compromise may be more difficult and take longer to reach (if only because of the absence of the coercive powers available to governments in their national context), but the process is still a highly political one involving the

reconciliation of conflicting interests, between producers and non-producers, between the short- and the longer-term, and between private activity and a wider public interest.

15. Given the political and collective nature of inter-governmental cooperation in the areas of public goods and externalities, it is difficult to avoid the conclusion that cooperation between ECE and the business sector is essentially a matter for ECE member Governments, at least in the first instance. It is the responsibility of democratically elected governments to resolve the conflicts of interest between public and private interests in their own countries and then to seek international harmonization of national solutions in order to maintain open trading arrangements and reduce the risk of international disputes. Since a major part of ECE's work concerns the creation of standards and other forms of international regulation with a direct impact on business activity, it is normal that governments carefully take the interests of their business sectors into account - and indeed this is generally a necessary condition for effectual international agreements. There is, however, the well-known danger that business interests will try to "capture" the public interest and exclude or diminish the influence of other groups such as consumers and national regulatory authorities. Again, maintaining a fair balance of interests is the task of governments, but, as an international public institution, ECE and its secretariat will need to avoid being seen, justly or unjustly, as favouring one group of interests over another if its reputation for fairness, neutrality and objectivity is not to suffer. The risks of undermining ECE's credibility as an institution are likely to be increased if the request for more intensive cooperation with the business sector is left to the initiative of the secretariat. This is because it would be effectively drawn into one side of the political process of regulation and rule-making which is the proper responsibility of governments.

PART II. A REVIEW OF EXISTING RELATIONS BETWEEN ECE AND THE BUSINESS SECTOR

16. The ECE has maintained extensive and multi-faceted relations with the enterprise sector since its inception. Recently, when a number of countries have embarked on the transition to a market economy, the importance of the private sector has increased, not only in the regular work of the Commission (debates, norm setting and technical assistance), but also in the functioning of ECE. This is illustrated by its growing contribution in cash and in kind to the activities of the Commission. While in the 1992-1993 biennium the overall private sector contributions in cash amounted to some US$ 683,000, in 1996-1997, they had increased to some US$ 1,500,000.

17. The relations between ECE and the business community are mutually beneficial and it would be artificial to try to assess reciprocal gains, even if the impact of regulations concerning the approval of road vehicles and their equipment and parts, a/ EDIFACT or the Agreements concerning the

international transport of dangerous goods and perishable foodstuffs were to be measured in billions of dollars. Similarly it would be difficult to clarify, without detailed research, how the relationship arose in the first place, at the initiative of the Commission, a PSB, the secretariat, a business association or an individual enterprise. Instead, these relations will be presented according to the way in which they are being conducted: through participation in the work of an ECE intergovernmental body, as a member of a government delegation or of a professional association having observer status; through substantive contributions to a workshop, secondment of expert or funding of activities; through informal contacts, etc. Before describing the direct relationships between ECE and the private sector, some consideration will be given to indirect relations including through publications.

1. Indirect relations and publications

18. The value of indirect contacts should not be overlooked: making the results of ECE inter-governmental activity better known to the business sector (encouraging the greater diffusion of established international standards, for example) and encouraging enterprises to see ECE as a forum in which their interests can be represented by their member governments are both activities which have been somewhat neglected in the past, but they can benefit the private sector and also increase the sensitivity of the public sector to private sector problems.

19. Publications and the web-site are potentially powerful instruments for indirect relations with the business community. The most consulted pages on the ECE home page relate to EDIFACT and norms; an indication of queries coming from the business community. Nevertheless it is to be noted that still a significant number of enterprises of countries in transition are not able to access information technology due to a lack of hardware and software facilities. Many of ECE's publications include governments, the private sector and the public at large among their readership. This is particularly the case for the Economic Survey of Europe and various statistical year books. Specialized publications are appreciated by the business communities throughout the whole of Europe and North America, such as the studies and reports, which review structural and conjunctural trends in various industrial sectors. Examples of such studies include Structural and Ownership changes in the Chemical Industry, the Impact of New Technologies on Restructuring of Iron and Steel Industries, Forestry Bulletins and Market Reviews, and the Annual Review of the Steel Market.

20. Some publications are specifically designed for the private sector. Among those are technical guides for private companies in transition economies, for example, on Financing Private Enterprises and Trade, Legal Aspects of Privatization in Industry or How to prepare a business plan. Other Guides focus on assisting western investors to conduct operations in transition

economies (e.g. Guide for Investors in Energy Efficiency in the Russian Federation).

21. The ad hoc working group may wish to consider whether more could be done, and at what cost, to make this body of published work still better known to the business community.

2. Participation in official meetings and contribution to conventions and norms

22. Although the selection mechanisms are not clear, representatives of the private sector participate in official ECE meetings when chosen and nominated by Governments. Generally representatives of the private sector and professional associations participate more actively in the work of bodies other than PSBs. They may attend as observers or as members of a national delegation in which they are advisers and exceptionally heads. Programme areas where this occurs the most frequently are those which increasingly draw on extra-budgetary resources (e.g. steel, chemicals, energy efficiency).

23. Through its participation in official meetings the business community provides and receives information, influences the programme of work and contributes to the elaboration of conventions and norms which it will have to apply and from which it will draw direct or indirect benefits. The elaboration and implementation of legally-binding international conventions and standards directly influence either the business environment in general or that of a particular sector. Therefore, the standard-setting work of ECE is probably the most important for the business community in all ECE member countries. 9/

3. Participation of the business community in unofficial meetings.

24. Almost every unit of the secretariat organizes unofficial meetings, such as seminars and workshops, at the initiative of governments and in many cases the private sector participates and contributes.

25. Participation in unofficial meetings enables the private sector to be better acquainted with the stance of governments vis-à vis various aspects of the business environment, to discuss topical issues, and to convey its worries and aspirations to governments. 10/ Workshops organized by the secretariat for companies operating in transition economies aim at transferring commercial know-how to the emerging operators in the east of Europe. 11/

26. A problem of convening unofficial meetings relates to attracting not only large but also medium- and small enterprises (SMEs). As a rule SMEs do not attend the ECE informal meetings designed for the private sector.

27. Recently, the secretariat initiated a more permanent type of working arrangement with the private sector. Under the auspices of the Working Party on International Contract Practices in Industry (WP5), a group of private sector experts has formed a self-financed advisory group with the objective of formulating Guidelines on Build Operate and Transfer (BOT) financing techniques for central and eastern Europe. While functioning under the WP5 work programme, the group actually adds to the pool of ECE expert resources, requiring little secretariat support (see Annex I). In the view of the secretariat, similar advisory groups could be established in other areas where concerted action from enterprises and governments is required.

4. Resources provided by the business community.

28. Overall, the number of staff on loan from the private sector is relatively modest and does not exceed 3.5% of the total number of professionals in ECE. 12/ However, these staff members are concentrated in a few units of the secretariat, dealing mostly with specific industrial sectors - steel, chemicals and gas (see Annex III, Tables 1 and 2). The presence of staff from the private sector brings to the secretariat special skills and often a more practical approach to the issues addressed, which spills over within the secretariat. Companies also benefit from the contacts and a broader view of the problems of their sector obtained by their seconded staff.

29. In-kind contributions take the form of studies and reports prepared for ECE meetings by the private sector without charge. This type of contribution often occurs in EDIFACT, the Gas Centre and the Energy Efficiency 2000 project. In a few instances (for example the Workshop on Trade Finance in Transition Economies), private businessmen together with the secretariat form a steering group to organize an event. Sometimes, these two types of contribution are combined when preparing events specifically for the private sector.

30. It is also worth mentioning that financial assistance from the private sector may be indirect. For example, interested representatives of the business community sometimes contribute to the travelling costs of transition economies' participants in ECE meetings. They also sponsor and host informal and negotiating meetings in member countries (Energy Efficiency 2000).

31. The provision of resources by the private sector is a priori related to the benefit it can draw directly from the work of ECE. It is therefore not surprising that little private money goes to statistics and economic analysis which are public goods of general interest. On the contrary, as is to be expected, the industrial sector, gas, chemicals and steel, and also EDIFACT, attract significant in-kind contributions. However, it is to be noted that contributions have been insignificant, if not non-existent, in many areas of norm- and standard setting (environment, agricultural and metrological

standards, transport) despite the great impact they have on business activities. This may be related to the fact that governments want to keep control over these activities in view of their strong dimension of public interest (security and health of persons, environmental protection, etc.).

IV. CONCLUSIONS

32. Relationships between the business community and the ECE are diversified, flexible and mutually beneficial although they are unequally developed across the various sectors and activities of the Commission. Relations could be more systematic but the Commission should decide in what sectors and for what purpose to develop such relations in priority: contribution to norm setting, to operational activities or to the financing of some activities. Also, in the framework of the ad hoc working group foreseen by the Plan of Action, there will need to be agreement on a clear set of governing principles. These might include the following:

(a) The responsibility for bringing the business sector more closely into the work of ECE should rest with member Governments;

(b) The process of inviting the business sector to participate in the work of ECE, as well as its actual participation, should be fully transparent;

(c) Specific principles for determining when private funding is appropriate will need to be elaborated in order to avoid the risk of undertaking activities not approved or supported by member Governments or of promoting a private or not transparent agenda.

(d) Since the costs of disseminating information in an even-handed manner are likely to be high, it might be worth considering whether any increased cooperation with the business sector should be focused on representative business associations, rather than individual enterprises, and other groups in civil society;

(e) The participation of the business sector in ECE, and any consequent use of secretariat resources, needs to be scrutinized frequently to ensure that it can be justified in terms of public goods and externalities. Goods and services which provide only a collective benefit to a particular industry should not be subsidized by the international public sector.

33. These principles as well as guidelines for their application will be developed by the ad hoc working group, as requested by the Plan of Action. Rather than hampering ECE cooperation with the business community, these guidelines would aim to provide a framework for fostering such cooperation. The objective is to promote activities which are at the interface of government and enterprise responsibilities, which are of mutual interest and

which in the last result, serve the economic prosperity of the countries of the region.

NOTES

1. On this shift in the debate over the role of the State in the economy see The World Bank, *World Development Report 1997, The State in a Changing World*, Oxford University Press (New York), 1997.

2. It appears however that the World Bank scheme mainly involves drawing private companies into community development projects and other activities which have tended hitherto to fall under the public sector agenda. See *Financial Times*, 19 January 1998.

3. Considerable efforts are being made, nevertheless, to create a framework of agreed rules in areas, for example, such as services and intellectual property (WTO), and foreign direct investment (the Multilateral Agreement on Investment being negotiated in OECD), and to strengthen the prudential regulation of the international financial sector (Bank for International Settlements). International competition policy, however, is still at a stage of preliminary and informal discussion.

4. A public good is one which is available to all economic agents and whose use by any one of them does not reduce the amount available to the others. Welfare maximization requires the price of a public good to be zero but if production costs are positive the private sector may have little or no incentive to produce it; government intervention may therefore be necessary to ensure an optimum level of output, although this does not necessarily mean that the government must be the direct provider of the good or service.

5. Standards, national and international, are an especially strong form of public good because they are characterized by economies of scale: not only does their use by one economic agent leave the amount available to others unchanged, but the more widely they are adopted the greater the benefit to producers and consumers.

6. Such externalities constitute a "market failure" because they imply that the market price in a competitive economy will not reflect the marginal social costs of production.

7. On the role of "democratic gradualism" in handling such adjustment costs, see Richard Kozul-Wright and Paul Rayment, 'The institutional hiatus in economies in transition and its policy consequences', *Cambridge Journal of Economics*, 21(5), September 1997.

8. Contrary to standards (established voluntarily by the business community), regulations are set by governments to establish minimum prescribed levels of performance/quality and are therefore a category of public goods.

9. (i) During the last 17 years, ECE has developed nine international, legally-binding instruments on air pollution, environmental impact assessment, industrial accidents and transboundary waters. These treaties are important elements of a common European legal framework and effectively contribute to a healthier business environment.

(ii) The Commission has also developed a wide range of transport agreements and conventions. These are being developed through the mutual cooperation of governments and the business community represented in official ECE meetings. These legal instruments cover road accident prevention, the transport of dangerous goods, and the development of legal and administrative procedures for transport operations, including customs. The TIR marking on the back of lorries is the result of an ECE customs convention which permits loads to be moved across frontiers without time-consuming and expensive delays at intermediate customs points.

(iii) In the automotive sector the establishment of longer-term international regulatory harmonization is considered to be the most important factor of global development and the ECE Working Party on the Construction of Vehicles is being recognized as the appropriate forum for this process. The work is carried out jointly by governments and the private sector and the target is a global harmonization of road vehicle construction and performance requirements.

(iv) The ECE is a leading international agency in setting standards for trade facilitation, which aim at eliminating administrative barriers to trade by harmonizing and simplifying procedures and documentary requirements. Hundreds of private sector experts participate in the work of the UN/ECE Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Trade (CEFACT). This private-public sector partnership is a unique feature of the Centre as it forges new cooperative relationships between private business and intergovernmental organizations. Mixed participation in the Centre's work facilitates the dissemination of end user requirements in the ECE member States and in member States of the other organizations which actively participate in, or work with, CEFACT. The Commission also develops international standards in metrology, agricultural products and perishable goods.

10. A good example of such fora was the Round Table on Sustainable Industrial Development organized by the ECE in 1996. This Round Table gave an opportunity to governments and a number of leading industrial companies to exchange views about business conditions and opportunities in the east and west of Europe, and to make recommendations about improving the dialogue between enterprises and government. A more recent example is the Investment Forum jointly organised by the World Bank and the ECE in September 1997. The representatives of large multinational companies discussed legal, economic and administrative

barriers to investment in transition economies and, jointly with representatives of Government agencies and regional authorities, sought to find solutions to those problems. As a result, the ECE secretariat is now preparing for publication a compendium of best national practices in investment promotion, which will help Foreign Investment Agencies in transition economies to improve their relations with the business community.

11. Recent examples of such workshops are the training Seminar on Gas rate-making organized by the Gas Centre in 1997, the Workshop on Trade Finance in Transition Economies, and Workshops on Marketing in the Timber Sector (1996 and 1997).

12. For working purposes, we define staff as "on loan" from the business sector, if she/he is working for the secretariat temporarily, and is expected to return to her/his company upon the termination of the project. The salary of such staff is paid not from the regular budget but occasionally directly by the company, or more often from trust funds to which both governments and the private sector contribute.

ANNEX I

THE UN/ECE BOT ADVISORY GROUP: A CASE STUDY OF COOPERATION WITH THE BUSINESS COMMUNITY

The UN/ECE BOT advisory Group was established in January 1996 under the auspices of the ECE Working Party on International Contract Practices in Industry (WP.5). Its primary objective is to advise Governments on how to attract investment in infrastructure - toll roads, railways, ports, telecommunications, power plants, water treatment and sewage systems etc. To this end, the Group disseminates information and provides advice on a new type of project finance - Build, Operate and Transfer (BOT). It includes the world's leading enterprises involved in infrastructure construction and financing.

Originally the Group's objective was to draft Guidelines on the application of new financing techniques. In the course of time, it has enlarged its ambition to assist Governments in putting its Guidelines into effect (in Croatia and Hungary, for example).

Cooperation between ECE and the business community in the BOT advisory group has the following advantages:

1. The Group provides high quality advice and support to ECE member countries. In particular, it identifies bankable pilot projects and helps at the pre-feasibility stage of project development. The Group also provides a neutral and independent judgment on the legal and regulatory measures, which governments need to take to attract private finance for infrastructure development.

2. The Group is self financing: members pay their own travel to Group meetings, including those in transition economies. They also make their written contributions to the Guidelines on a pro bono basis. The cost of such contributions, properly accounted, would represent over US$ 500,000.

3. The Group responds flexibly to the emerging demands. There is no trust fund and, accordingly, no lengthy decision-making about the allocation of funds. Thus a request can be received and a meeting arranged within six months. Since the Group is demand driven and funded accordingly, it will cease its activities once it has outlived its raison d'être.

4. The Group brings together west and east European companies and Governments to work together on concrete projects, thus creating a network based on public-private partnership principles. Requests for the Group's assistance are growing, and its networks are spreading: for example, through ESCAP, its services have been requested by the Government of Bangladesh.

ANNEX II

COOPERATION OF INTERNATIONAL ORGANIZATIONS WITH THE BUSINESS COMMUNITY (EXAMPLES OF OECD AND UNCTAD)

According to the secretariat's survey, the cooperation of international organizations with the private sector takes several forms. They include the exchange of information with the business community; contribution of private companies to studies and reports prepared by the secretariat; joint utilization of databases; and participation of the business sector in meetings, seminars and workshops.

Representatives of the business community take part in the official meetings of UNCTAD and OECD as members of government delegations.

The work programmes of the international organizations referred to above do not depend on financing by the private sector. As a rule, they also do not employ staff on loan from private companies. However, there are several members of the OECD secretariat who work on specific projects and are remunerated by the private sector.

While the work programme of the international organizations surveyed is formed by government representatives, it does take account of the needs and aspirations of the business community.

International conventions influencing the operational environment and special studies targeting the business community are the types of output which private companies value the most. Examples include the OECD Accord on Bribery and Corruption and the negotiated Multilateral Agreement on Investment, on the one hand, and Economic Surveys and Investment Guides, on the other. UNCTAD produces the World Investment Report and statistics used in decision-making by governments and international enterprises.

While a more detailed examination is needed to learn and emulate positive experience of other international organizations in their relations with the business community, there seems to be no ready-made blueprints for this type of collaboration. Innovative approach is needed here both from member Governments and the secretariat.

ANNEX III

Table 1: UN/ECE resources from the private sector

Resources (inputs)	Structural units											
	Trade and investment promotion	EDIFACT	Steel and chemicals	Energy 2000	Gas Centre	Transport	Human settlements	Environment	Statistics	Economic analysis	Timber	Metrology and agricultural standards
Programme financing	-	-	+	+	+	-	-	-	-	-	-	-
Staff on loan	-	-	+	-	+	-	-	-	-	-	-	-
Contributions in kind (reports)	+	+	+	+	+	-	-	-	-	-	+	+
Participation in official meetings	+	+	+	+	+	+	+	+	-	-	+	+

Source: UN/ECE secretariat.

Table 2. Staff working at the UN/ECE paid by the private sector in 1998

Division	Number of staff
Trade	3
Energy	1 1/
Transport	-
Statistics	-
Environment and human settlements	-
Economic analysis	-
Total:	4

Source: UN/ECE secretariat.

1/ An additional two staff who do not fall under the definition of staff on loan from the private sector (see note 12 above), are funded from the Gas Centre Trust Fund.

Table 3 UN/ECE activities and products having direct implications for the private sector

Activities and products (outputs)	Structural units											
	Trade and investment promotion	EDIFACT	Steel and chemicals	Energy 2000	Gas Centre	Transport	Human settlements	Environment	Statistics	Economic analysis	Timber	Metrology and agricultural standards
Conventions, standards and norms	-	+	-	-	-	+	-	+	-	-	-	+
Unofficial meetings targeting private sector	+	+	+	+	+	-	+	+	-	-	-	-
Publications targeting private sector	+	+	+	+	+	+	+	+	-	-	+	-
Advisory groups	+	+	-	+	+	-	+	-	-	-	-	-

Source: UN/ECE secretariat.